

Legislative Audit Division

State of Montana



Report to the Legislature

February 2001

Financial-Compliance Audit For the Two Fiscal Years Ended June 30, 2000

Montana Chiropractic Legal Panel

We performed a financial-compliance audit of the Montana Chiropractic Legal Panel for the two fiscal years ended June 30, 2000. We issued an unqualified opinion on the financial schedules which means the reader may rely on the presented financial information and the supporting data recorded on the primary state accounting records.

This audit report contains no recommendations. The prior audit report also contained no recommendations.

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FINANCIAL-COMPLIANCE AUDITS

Financial-compliance audits are conducted by the Legislative Audit Division to determine if an agency's financial operations are properly conducted, the financial reports are presented fairly, and the agency has complied with applicable laws and regulations. In performing the audit work, the audit staff uses standards set forth by the American Institute of Certified Public Accountants and the United States General Accounting Office. Financial-compliance audit staff members hold degrees with an emphasis in accounting. Most staff members hold Certified Public Accountant (CPA) certificates.

Government Auditing Standards, the Single Audit Act Amendments of 1996 and OMB Circular A-133 require the auditor to issue certain financial, internal control, and compliance reports. This individual agency audit report is not intended to comply with these reporting requirements and is therefore not intended for distribution to federal grantor agencies. The Legislative Audit Division issues a statewide biennial Single Audit Report which complies with the above reporting requirements. The Single Audit Report for the two fiscal years ended June 30, 1999, was issued on March 30, 2000. The Single Audit Report for the two fiscal years ended June 30, 2001, will be issued by March 31, 2002. Copies of the Single Audit Report, when available, can be obtained by contacting:

Single Audit Coordinator
Office of Budget and Program Planning
State Capitol
Helena MT 59620
Phone (406) 444-3616

Legislative Audit Division
Room 160, State Capitol
PO Box 201705
Helena MT 59620-1705

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LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel
Tori Hunthausen, IT & Operations Manager



Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
James Gillett, Financial-Compliance Audit

February 2001

To the Legislative Audit Committee
of the Montana State Legislature:

This is our financial-compliance audit report on the Montana Chiropractic Legal Panel (panel) for the two fiscal years ended June 30, 2000. The objectives of our audit were to determine the panel's compliance with applicable laws and regulations, make necessary recommendations for improvements in management and internal controls, and determine if the panel's financial schedules fairly present the results of its operations.

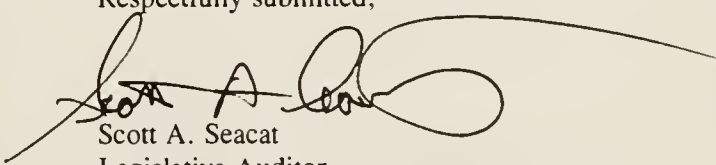
The report contains no recommendations. Beginning on page A-1, you will find our unqualified opinion and the panel's financial schedules. An unqualified opinion means the reader may rely on the presented financial information.

The panel was established as a state agency in January 1990 by Chapter 262, Laws of 1989. Its duties are set forth in Title 27, chapter 12, of the Montana Codes Annotated.

The panel is administratively attached to the Montana Supreme Court. However, the panel does its own accounting and budgeting. The Department of Administration records the transactions for the panel on the state accounting records. Funding for the panel is from an annual fee assessed to chiropractic physicians. The panel held no hearings in fiscal year 1998-99 and three in fiscal year 1999-00.

We thank the director for her assistance and cooperation during our audit.

Respectfully submitted,


Scott A. Seacat
Legislative Auditor



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Appointed and Administrative Officials

Montana Chiropractic Legal Panel

Mary Lou Garrett, Director

For further information on the Montana Chiropractic Legal Panel,
contact:

Montana Chiropractic Legal Panel
Mary Lou Garrett, Director
PO Box 1098
Helena MT 59624
(406) 442-7275

e-mail: *mtchiro@montana.com*

Members of the audit staff involved in this audit were Laurie Barrett and Jim Manning.

LEGISLATIVE AUDIT DIVISION

Scott A. Seacat, Legislative Auditor
John W. Northey, Legal Counsel
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INDEPENDENT AUDITOR'S REPORT

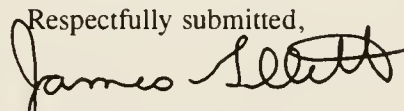
The Legislative Audit Committee
of the Montana State Legislature:

We have audited the accompanying Schedules of Changes in Fund Balances, Schedules of Total Revenues & Transfers-In, and Schedules of Total Expenditures & Transfers-Out of the Montana Chiropractic Legal Panel (panel) for each of the two fiscal years ended June 30, 2000. The information contained in these financial schedules is the responsibility of the panel's management. Our responsibility is to express an opinion on these financial schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in note 1, the financial schedules are presented on a comprehensive basis of accounting other than generally accepted accounting principles. The schedules are not intended to be a complete presentation and disclosure of the panel's assets and liabilities.

In our opinion, the financial schedules referred to above present fairly, in all material respects, the results of operations and changes in fund balances of the Montana Chiropractic Legal Panel for each of the two fiscal years ended June 30, 1999 and 2000, in conformity with the basis of accounting described in note 1.

Respectfully submitted,

James Gillett, CPA
Deputy Legislative Auditor

February 8, 2001

MT CHIROPRACTIC LEGAL PANEL
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Special Revenue Fund
FUND BALANCE: July 1, 1999	\$ <u>34,482</u>
ADDITIONS	
Budgeted Revenues & Transfers-In	<u>12,450</u>
Total Additions	<u>12,450</u>
REDUCTIONS	
Budgeted Expenditures & Transfers-Out	<u>10,537</u>
Total Reductions	<u>10,537</u>
FUND BALANCE: June 30, 2000	\$ <u><u>36,395</u></u>

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

MT CHIROPRACTIC LEGAL PANEL
SCHEDULE OF CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Special Revenue Fund
FUND BALANCE: July 1, 1998	\$ <u>28,347</u>
ADDITIONS	
Budgeted Revenues & Transfers-In	<u>12,400</u>
Total Additions	<u>12,400</u>
REDUCTIONS	
Budgeted Expenditures & Transfers-Out	<u>6,265</u>
Total Reductions	<u>6,265</u>
FUND BALANCE: June 30, 1999	\$ <u>34,482</u>

This schedule is prepared from the Statewide Budgeting and Accounting System without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

MT CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL REVENUES & TRANSFERS-IN
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<u>Special Revenue Fund</u>
TOTAL REVENUES & TRANSFERS-IN BY CLASS	
Charges for Services	\$ 12,450
Total Revenues & Transfers-In	<u>12,450</u>
 Actual Budgeted Revenues & Transfers-In	 12,450
Estimated Revenues & Transfers-In	16,800
Budgeted Revenues & Transfers-In Over (Under) Estimated	\$ <u><u>(4,350)</u></u>
 BUDGETED REVENUES & TRANSFERS-IN OVER (UNDER) ESTIMATED BY CLASS	
Charges for Services	\$ (4,350)
Budgeted Revenues & Transfers-In Over (Under) Estimated	\$ <u><u>(4,350)</u></u>

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

MT CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL REVENUES & TRANSFERS-IN
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Special Revenue Fund
TOTAL REVENUES & TRANSFERS-IN BY CLASS	
Charges for Services	\$ 12,400
Total Revenues & Transfers-In	<u>12,400</u>
Actual Budgeted Revenues & Transfers-In	12,400
Estimated Revenues & Transfers-In	12,000
Budgeted Revenues & Transfers-In Over (Under) Estimated	\$ <u>400</u>
BUDGETED REVENUES & TRANSFERS-IN OVER (UNDER) ESTIMATED BY CLASS	
Charges for Services	\$ 400
Budgeted Revenues & Transfers-In Over (Under) Estimated	\$ <u>400</u>

This schedule is prepared from the Statewide Budgeting and Accounting System (SBAS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

MT CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL EXPENDITURES & TRANSFERS-OUT
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<u>Legal Panel Operations</u>
PROGRAM EXPENDITURES & TRANSFERS-OUT	
Operating Expenses	
Other Services	\$ 8,744
Supplies & Materials	522
Communications	350
Travel	683
Other Expenses	238
Total	<u>10,537</u>
 Total Expenditures & Transfers-Out	 \$ <u><u>10,537</u></u>

EXPENDITURES & TRANSFERS-OUT BY FUND

Special Revenue Fund	\$ <u>10,537</u>
Total Expenditures & Transfers-Out	<u>10,537</u>
 Actual Budgeted Expenditures & Transfers-Out	 10,537
Budget Authority	17,266
Unspent Budget Authority	\$ <u><u>6,729</u></u>

UNSPENT BUDGET AUTHORITY BY FUND

Special Revenue Fund	\$ <u>6,729</u>
Unspent Budget Authority	\$ <u><u>6,729</u></u>

This schedule is prepared from the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

MT CHIROPRACTIC LEGAL PANEL
SCHEDULE OF TOTAL EXPENDITURES & TRANSFERS-OUT
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Legal Panel Operations</u>
PROGRAM EXPENDITURES & TRANSFERS-OUT	
Operating Expenses	
Other Services	\$ 5,788
Supplies & Materials	80
Communications	201
Travel	125
Rent	50
Other Expenses	21
Total	<u>6,265</u>
Total Expenditures & Transfers-Out	\$ <u>6,265</u>
EXPENDITURES & TRANSFERS-OUT BY FUND	
Special Revenue Fund	\$ <u>6,265</u>
Total Expenditures & Transfers-Out	6,265
Actual Budgeted Expenditures & Transfers-Out	6,265
Budget Authority	<u>13,010</u>
Unspent Budget Authority	\$ <u>6,745</u>
UNSPENT BUDGET AUTHORITY BY FUND	
Special Revenue Fund	\$ <u>6,745</u>
Unspent Budget Authority	\$ <u>6,745</u>

This schedule is prepared from the Statewide Budgeting and Accounting System without adjustment. Additional information is provided in the notes to the financial schedules beginning on page A-9.

Notes to the Financial Schedules

For the Two Fiscal Years Ended June 30, 2000

1. **Summary of Significant Accounting Policies**

Basis of Accounting

The Chiropractic Legal Panel (panel) uses the modified accrual basis of accounting, as defined by state accounting policy, for its Special Revenue Fund. In applying the modified accrual basis, the panel records:

Revenues when it receives cash or when receipts are measurable and available to pay current period liabilities.

Expenditures for valid obligations when the panel incurs the related liability and it is measurable.

Expenditures may include entire budgeted service contracts even though the panel received the services in a subsequent fiscal year; goods ordered with a purchase order before fiscal year-end, but not received as of fiscal year-end; and equipment ordered with a purchase order before fiscal year-end.

Basis of Presentation

The financial schedule format is in accordance with the policy of the Legislative Audit Committee. The financial schedules are prepared from the transactions posted to the state's accounting system without adjustment. Accounts are organized in funds according to state law. The panel uses the following fund:

Governmental Fund

Special Revenue Fund - to account for proceeds of specific revenue sources legally restricted to expenditures for specific purposes. The panel's entire operation is accounted for in a Special Revenue Fund.

2. **Operating Expenditures**

The panel's "other services" expenditures include the management fee paid to the panel director, and the costs associated with conducting panel reviews. The panel held no hearings in fiscal year 1998-99 and three in fiscal year 1999-2000.

Notes to the Financial Schedules

3. **Related Parties**
- The executive director of the Montana Chiropractic Association is also the director of the Montana Chiropractic Legal Panel. The executive director of the Montana Chiropractic Association appoints the director of the panel, subject to approval of the Chief Justice of the Montana Supreme Court.

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Agency Response

February 21, 2001

As Director of the Montana Chiropractic Legal Panel, I acknowledge the audit performed by the Legislative Audit Division and concur with their findings.

The panel will continue to operate in a proper fiscal and administrative manner as provided by statute.


Mary Lou Garrett, Director

